

FY 2007 Program Performance Measures

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission Program: Liquor Control Commission

Timeline:

October 1, 2006 through September 30, 2007.

Program Mission:

The mission of the Michigan Liquor Control Commission is to provide alcoholic beverages for consumption and generate revenue for the State of Michigan, while protecting the interests of the general public through selective licensing and strict enforcement of the Liquor Control Code and Administrative Rules of the Commission.

Program Statement:

The Liquor Control Commission's functions include the distribution of alcoholic liquor products, licensing of all liquor related businesses, enforcement of the liquor laws and rules, adjudication of all violations and appeals, and the collection and control of state revenue. In order for the Commission to reach its goals it must operate in the dual roles of regulator and business partner. The Commission's four program areas, Licensing, Enforcement, Hearings and Appeals, and Financial Management, provide the necessary support for the Commission to reach its goals. The Commission is working to improve its systems and procedures to provide a continuously improving service system to the liquor industry, our licensees and the general public.

Program Customers:

The customers of the Liquor Control Commission include the people the Commission regulates by law. This includes retail liquor licensees, liquor suppliers, beer and wine wholesalers, and others. It also includes all the citizens of Michigan and visitors to our state, which the Commission serves through its public protection duties.

FY 2007 Program Performance Measures

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission Program: Liquor Control Commission

Program Goals:

The goals of the Liquor Control Commission are as follows:

- To control the alcoholic beverage traffic within the state.
- To maintain a strong licensing system that will help ensure that alcoholic liquor is properly distributed.
- To enforce the provisions of the Liquor Control Code and Administrative Rules.
- To generate and monitor revenue for the state.
- To adjudicate complaints in a timely manner.
- To provide educational programs to increase awareness of various issues related to alcohol.

Program Objectives:

- To issue 95% of licenses and permits within 5 days after the application is administratively complete.
- To schedule hearings within 10 days of receipt of the request 95% of the time.
- To resolve 100% of the calls on the Liquor Wholesale Help Line within 24 hours.
- To maintain a presence in the licensed premises through use of Controlled Buy operations.

Improvement Plans:

- Conduct regular follow-up on the status of violation reports that are pending complaints.
- Expand use of the on-line license renewal application. Make internet forms writeable and easier to use.
- Automate the Manufacturers & Wholesalers surety bond program to report on and improve compliance.
- Improve technology available to the Enforcement Officers in the field to increase their productivity.

FY 2007 Program Performance Measures

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission Program: Liquor Control Commission

Program Improvements Made:

- Created systems/procedures and gathered information for the Redevelopment and Development district licenses for use by governmental units and applicants for these new types of licenses.
- Rolled out portions of the beer and wine on-line product registration system.
- Provided cell phones to all Enforcement Officers to increase their productivity and safety.
- Provided training to Enforcement Division staff on communications, de-escalation techniques, and avoiding confrontation.
- Constantly monitored the violation hearing backlog to ensure most hearings are scheduled within 90 days.

Program Challenges:

- To increase the use of high technology to improve our efficiency and job performance.
- To provide our enforcement field staff with high speed internet access and interactive report templates.
- To maintain the 90 day timeframe on license issuance.
- To better educate local law enforcement agencies on liquor laws and rules, with an emphasis on curtailing illegal smuggling and illegal gambling.
- To maintain efficient service to commission customers while implementing new legislative mandates.
- To provide more educational opportunities for retail licensees.



Program Description and Performance Measures

October 1, 2006 thru September 30, 2007

Michigan Liquor Control Commission (MLCC)

Executive Services Division

Program: Hearings & Appeals



Program Mission – Executive Services

- The Executive Services Division provides an orderly and legal separation between the Licensing and Enforcement functions and the quasi-judicial functions of the Commission. This involves all hearings and appeals functions, server training program administration, responsibility for rules promulgation, legislative analysis, recording and maintaining all Commission minutes, and preparation and dissemination of information and materials related to the goals and missions of the Commission.



Functions and Responsibilities of the Executive Services Division

- Administers the states' alcohol server training program through the use of private training courses.
- Oversees rules promulgation for the agency.
- Provides customer relations services and coordinates special events.
- Coordinates agency FOIA requests.
- Offers communication services such as web tools, forms, publications and electronic messaging.
- Through the hearings and appeals unit, oversees the violation and appeal processes of the agency.



Program Mission – Hearings & Appeals

- The mission of the Hearings and Appeals Unit is to protect the health, safety and welfare of the citizens of the State of Michigan by providing a mechanism for law enforcement agencies to fulfill their duties to enforce the rules and regulations of the MLCC and to ensure that licensees and applicants for licensure are afforded due process in responding to alleged violations or denials for licensure.



Functions and Responsibilities of the Hearings & Appeals Unit

- The Hearings and Appeals Unit provides administrative support to the Commissioners and the office of the Attorney General. This includes the processing of violation reports, issuing notices of complaints, processing acknowledgments, scheduling violation hearings, issuing notices of hearings and subpoenas for witnesses' appearance at hearings, providing hearing reporters for and transcripts from hearings, issuing Commission orders subsequent to the hearings and acknowledgments and enforcing said orders by issuance of invoices for fines due and notification to police agencies and the Commission's Enforcement Division of suspensions to be served.
(CONTINUED)



Functions and Responsibilities of the Hearings & Appeals Unit (continued)

- These duties also include the scheduling of both violation and licensing appeal hearings and penalty hearings, issuance of orders subsequent to the hearings and enforcement of these orders.
- In fulfilling these responsibilities the following metrics reflect the production of the Hearings & Appeals Unit.



Program Production Measures

1. Violation reports totaled 2,613 from October 1, 2006 thru September 30, 2007
2. Violation hearings, appeal and penalty hearings totaled 1,155 from October 1, 2006 thru September 30, 2007
3. 2,437 Orders were issued from October 1, 2006 thru September 30, 2007



Program Customers

- The Hearings and Appeals Unit provides services to a vast array of citizens, licensees, applicants, attorneys and industry persons living within the State of Michigan who are involved in the alcoholic beverage industry as well as those persons residing in the United States and abroad who are involved in the sale, delivery or importation of alcoholic liquor.



Program Goals

- The goal of the Hearings and Appeals Unit is to adhere to statutory time frames and internal mandates by processing violation reports, violation appeals and licensing appeals in a timely manner to provide for speedy and efficient adjudication of cases before the Commission, while affording licensees and applicants due process.



Fund Source

- Liquor License Revenue
- Liquor Purchase Revolving Fund



Legal Basis

- The US Constitution gives each State full authority for the transportation, importation, delivery and use of alcoholic liquor within its borders.
- The Michigan Liquor Control Commission was established by the Legislature in 1933 following the repeal of Prohibition. Act No. 8 of the Public Acts of the Extra Session of 1933 has been replaced by the Michigan Liquor Control Code of 1998, PA 58 of 1998.
- The Constitution of Michigan of 1963 (Article IV, S 40) specifies that the Commission's role is to "...exercise complete control of alcoholic beverage traffic within this State, including the retail sales thereof..."
- Much of the Commission's role is defined by Act 58 of 1998, known as the Michigan Liquor Control Code. The Michigan Liquor Control Code is found in Section 436 of the Michigan Compiled Laws. In addition, the Commission has promulgated Administrative rules found in the Michigan Administrative Code.



Program Objectives

- The Hearings & Appeals Unit Objectives are:
 - Schedule 95% of original violation hearings within 90 days of receipt of the violation report in the Unit.
 - Schedule 95% of postponed and continued hearings within 180 days of receipt of the violation report in the Unit.
 - Issue 100% of final orders from hearings within 45 days of the hearing date.
 - Schedule 100% of licensing appeals within 30 days from the hearing request date.



Program Effectiveness

- **Process Outcomes 10-1-06 thru 9-30-07**
 - H&A processed 2,613 new violation reports
 - Held 1,155 hearings
 - Processed 1,396 Acknowledgments
 - Issued 2,437 orders
 - Held 129 appeal hearings
 - Held 14 penalty hearings



Program Effectiveness

○ Program Outcomes

- The Hearings and Appeals Division is handling a consistent number of violation cases through the hearing – acknowledgment process (707 acknowledgment cases compared to 689 in the previous 6 months), likewise holding a similar number of violation hearings (572 compared 564 in the previous 6 months), and issuing a similar number of orders (1044 compared to 1347), showing that the unit is maintaining the objectives.



Program Effectiveness

- Program Outcomes Continued
 - The Objectives of the program and internal Goals are to protect the health, safety and welfare of the citizens of the State of Michigan while providing swift adjudication of violation cases – and they have been set at a high, although reasonable, standard.
 - Absolute conformance with those standards is not necessary to achieve the broader mission and purposes of the program, as long as performance remains within reasonable compliance with specific program objectives.



Program Improvement Plans

- Continue to cross train employees and reassign job duties accordingly to ensure consistent workflow.
- Provide additional training (in-house) for employees on reporting and statistical reports.
- Conduct monthly staff meetings to discuss workflow and ways to improve existing operating procedures.



Program Improvement Plans

- Prepare procedures manual detailing the functions of the unit step-by-step.
- Conduct regular follow-ups on the status of violation reports pending complaints.
- Work with DIT staff to improve efficiency of the ORACLE program.
- Maintain the efficiency in processing and scheduling new violation cases.



Program Improvements Made

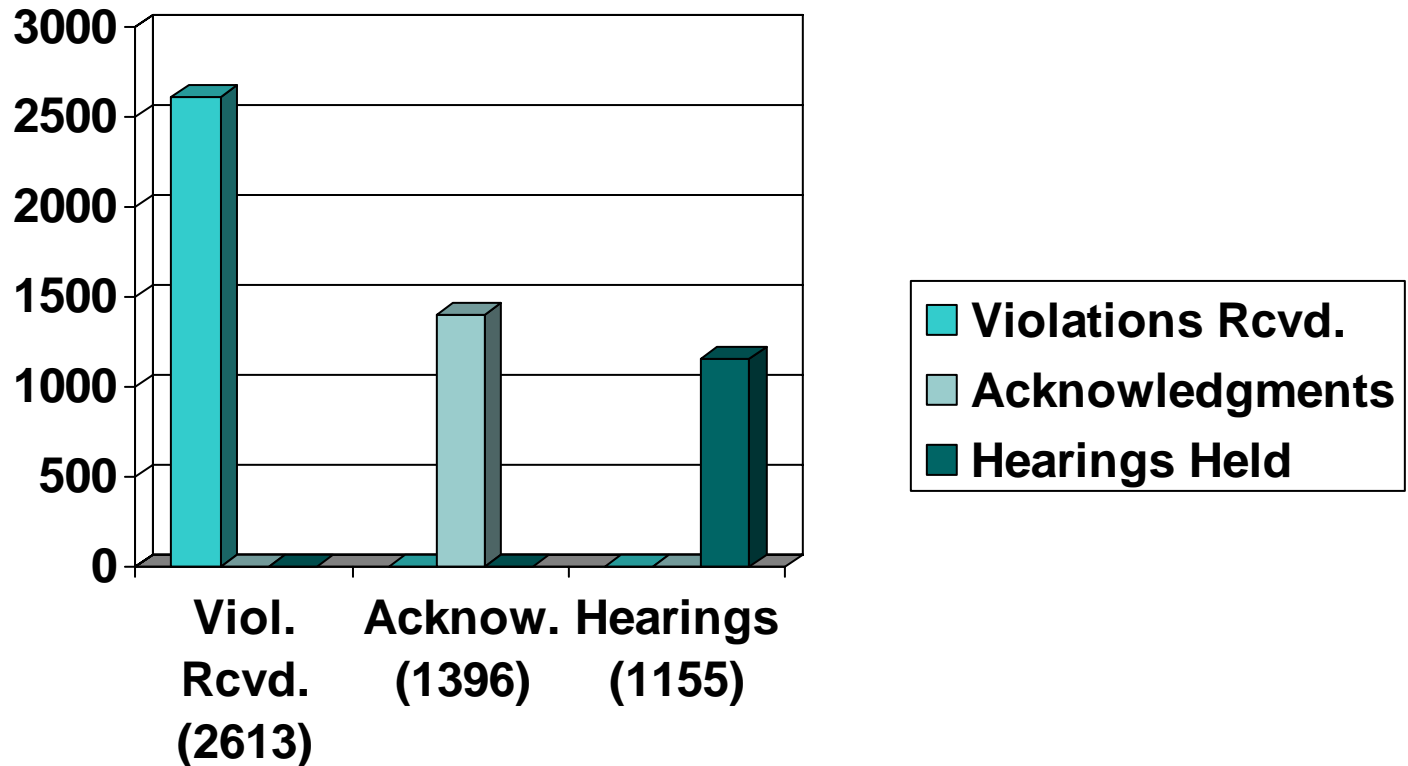
- The violation hearing backlog is being constantly monitored and in the majority of instances, violation hearings are being scheduled within 90 days of receipt in Hearings and Appeals.
- Continued/rescheduled hearings are being closely monitored for extenuating circumstances which would prevent them from being scheduled within 180 days of receipt in Hearings and Appeals.



Program Improvements Made

- Attorney General's office is continuing to draft the majority of complaints within 30 days of receipt of the violation report to enable Hearings and Appeals to schedule violations for hearing within 90 days.
- Successfully implemented changes and updates to the ORACLE database.
- Held meetings with DIT staff to design programs to ensure the accuracy of reports and to enhance the various reporting capabilities of the Hearings and Appeals Division.
- Step-by-step procedures of various functions of the unit have been compiled and placed on a shared computer drive for access by unit staff.

Objective 1: Maintain Average Time to Process Violation Reports within 90 days.



Range 6 to 210 Days

Average 57.5 days (↑ .2 day from previous 6 months)

Objective 1: Schedule Hearings Within 90 Days of Receipt.

<u>HEARING CITY</u>	<u>AVERAGE DAYS TO SCHEDULE HRG.</u>
Ann Arbor	53.7
Cadillac	53.0
Escanaba	67.2
Farmington	67.1
Flint	51.0
Gaylord	51.1
Grand Rapids	49.3
Jackson	50.1
Kalamazoo	49.6
Lansing	56.4
Marquette	72.8
Port Huron	66.9
Saginaw	47.6
St. Ignace	58.7
Sterling Heights	61.0
STATEWIDE AVERAGE	57.5 DAYS



Objective 1

- To Schedule violation hearings within 90 days of receipt.
- OUTCOME: The total average days from violations received to scheduling of hearing and/or acknowledgment is 57.5 days.

Objective 2: To Schedule Appeal Hearings within 30 days of the request.





Objective 2

- To Schedule Violation & Licensing Appeal Hearings within 30 days of the request.
- **OUTCOME: Violation and Licensing appeal hearings during the period October 1, 2006 thru September 30, 2007 were scheduled within 30 days 100% of the time.**



MLCC Hearings and Appeals

End of program description and
performance measures presentation;
October 1, 2006 thru September 30, 2007



DLEG –Liquor Control Commission

Fiscal Year 2007 Program Performance Measures

For the Period October 2006 through September 2007

Licensing Division

Fiscal Year 2007 Quarter Program Performance Measures

For the Period October 2006 through September 2007

DEPARTMENT: MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
APPROPRIATION UNIT: Liquor Control Commission Program: Licensing

PROGRAM MISSION

To provide for the licensing of persons involved in the importation, manufacture, sale and distribution of alcoholic beverages; and to regulate the manufacture, importation, sale and distribution of alcoholic beverages; and to provide for adherence to the provisions of the Liquor Control Code and Rules through selective licensing.

PROGRAM STATEMENT

The Licensing Division provides staff support to the Commission under its charge in the Michigan Constitution to control alcoholic beverage traffic in Michigan through licensing of all aspects of the alcoholic beverage business in the state.

The Retail licensing section of the Commission processes applications for retail licenses for both on premises consumption (such as restaurants, taverns and bars) and for off premises consumption (such as grocery stores, party stores and drug stores). There are approximately 26,790 licenses issued to 17,225 retail licensees. These licenses are renewed each year by May 1.

The Manufacturers and Wholesalers licensing section is responsible for processing applications for all other types of licenses associated with the alcoholic beverage industry in Michigan. This includes brewers, wineries, wholesalers, salespersons, vendor representatives, etc. amounting to approximately 8,600 licenses.

PROGRAM CUSTOMERS:

Residents of the State of Michigan as well as all persons involved in or requiring a license for the importation, manufacture, promotion and/or sale of alcoholic beverages in the State of Michigan.

Fiscal Year 2007 Program Performance Measures

For the Period October 2006 through September 2007

DEPARTMENT: MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
APPROPRIATION UNIT: Liquor Control Commission Program: Licensing

GOALS

To issue liquor license to qualified applicants whose business and/or establishment meet the Liquor Control Code, Commission rules and local requirements; to provide information to the Commission for review and consideration in carrying out its responsibilities for the regulation and distribution of alcoholic beverages in this state; to renew liquor licenses on an annual basis; and to provide materials and assistance to attorneys, brokers, trade associations, local law enforcement agencies and local governmental units relating to the licensing processes.

OBJECTIVES

To authorize 90% of applications for investigation within 5 working days after all necessary documents have been received.

To issue 95% of licenses and permits within 5 working days after the application is administratively complete.

To process all liquor license application renewals received by April 30, 2007.

To reduce the number of on premises liquor licenses held in escrow by 5% through transfer or reactivation by qualified applicants in order to encourage economic growth and to create opportunities for employment in local communities.

FUND SOURCE

Liquor License Revenue

Liquor Purchase Revolving Fund

Fiscal Year 2007 Program Performance Measures

For the Period October 2006 through September 2007

DEPARTMENT:	MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH		
APPROPRIATION UNIT:	Liquor Control Commission	Program:	Licensing

LEGAL BASIS

The United States Constitution gives each State full authority for the transportation, importation, delivery and use of alcoholic liquor within its borders (The Constitution of the United States of America, Article XXI, § 2).

The Michigan Liquor Control Commission was established by the Legislature by Act 8 of 1933, Extra Session, following the repeal of Prohibition, which was been replaced by the Michigan Liquor Control Code of 1998, PA 58 of 1998.

The Constitution of Michigan of 1963 (Article IV, §40) specifies that the Commission's role is to "... exercise complete control of the alcoholic beverage traffic within this State, including the retail sales thereof . . .".

Much of the Commission's role is defined by Act 58 of 1998, known as the Michigan Liquor Control Code of 1998. The Michigan Liquor Control Code of 1998 is found in Section 436 of the Michigan Compiled Laws. In addition the Commission has promulgated Administrative rules found in the Michigan Administrative Code.

PROGRAM EFFECTIVENESS

Outputs/Outcomes

The Off Premises Investigations Authorized and On Premises Investigations Authorized chart reflects the number of days taken to authorize an application for investigation after all necessary documents have been received.

The Licensing Transaction chart reflects the number of days taken to issue licenses and permits after the application is administratively complete.

The On Premises Licenses in Escrow chart reflects the statewide number of on premises licenses in escrow.

Retail Renewal Applications chart reflects the Renewal Applications Received and Renewal Licenses Printed.

Fiscal Year 2007 Program Performance Measures

For the Period October 2006 through September 2007

DEPARTMENT: MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
 APPROPRIATION UNIT: Liquor Control Commission Program: Licensing

OUTPUTS

NEW LICENSES ISSUED										
	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		Total	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
On Premises Licenses	27*	25*	10*	34*	35	25*	13	22*	85	106
Off Premises Licenses	70**	73**	76**	68**	88	70**	100	68**	334	279
Manufacturers and Wholesale Licenses	322	437	274	298	416	267	369	194	1,381	1,196
Total	419	535	360	400	539	362	482	284	1,800	1,581

* Excluding resort on premises licenses, development district authority licenses and other special acts licenses

** Excluding resort off premises licenses

Fiscal Year 2007 Program Performance Measures

For the Period October 2006 through September 2007

DEPARTMENT: MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
 APPROPRIATION UNIT: Liquor Control Commission Program: Licensing

OUTPUTS

TRANSACTIONS PROCESSED										
	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		Total	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
Retail Transfers of Ownership	228	248	213	250	293	247	239	216	973	961
New Retail Permits	261	220	266	328	528	420	521	430	1,576	1,398
Other Retail *	733	787	919	647	1,004	877	709	643	3,365	2,954
Manufacturers and Wholesale	217	669	192	447	160	438	605	84	1,174	1,638
Total	1,439	1,924	1,590	1,672	1,985	1,982	2,074	1,373	7,088	6,951

* Including transfers of stock, appointment and discharge of fiduciary, add/drop space, change name/corrections, cancellations, revocations, delayed renewals, release from escrow, duplicate licenses and duplicate permits. Excluding processing of renewal applications and issuance of new licenses.

Fiscal Year 2007 Program Performance Measures

For the Period October 2006 through September 2007

DEPARTMENT:	MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH		
APPROPRIATION UNIT:	Liquor Control Commission	Program:	Licensing

Program Improvement Plans

Work with DIT Liquor Team, Graphic Sciences, Inc. and Department of Arts, History and Libraries to scan certain documents for on premises and off premises multiple business operators which will be captured and indexed and reside on servers accessible to Liquor Control Commission staff members.

Work with DIT Liquor Team on automating the Manufacturers & Wholesalers surety bond program to automatically provide us with a report and notice for those licensees not in compliance with the bond requirements of Section 801 and to place a hold on renewal until the proper Surety Bond is received.

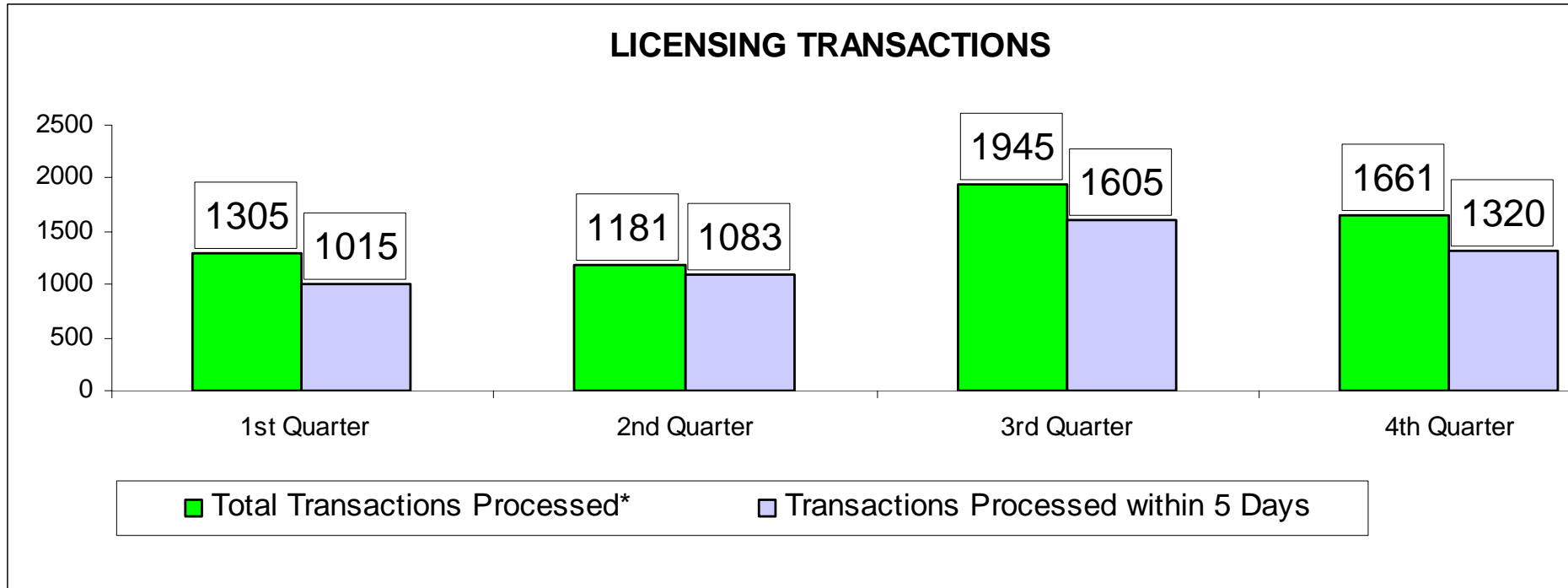
Review current forms to determine whether the form is required and whether the customer can easily understand the form and its purpose. Provide proposed changes to Bureau staff for review and comment.

Work on reorganizing and restructuring the Licensing forms on the web site to make all forms writeable and to organize forms and instructions into types of transactions to make it easier for the user.

Work with DIT Liquor Team to provide the status of pending applications on the web.

Reorganize Licensing staff to create an enhanced efficiency in work processes.

Outputs/Effectiveness

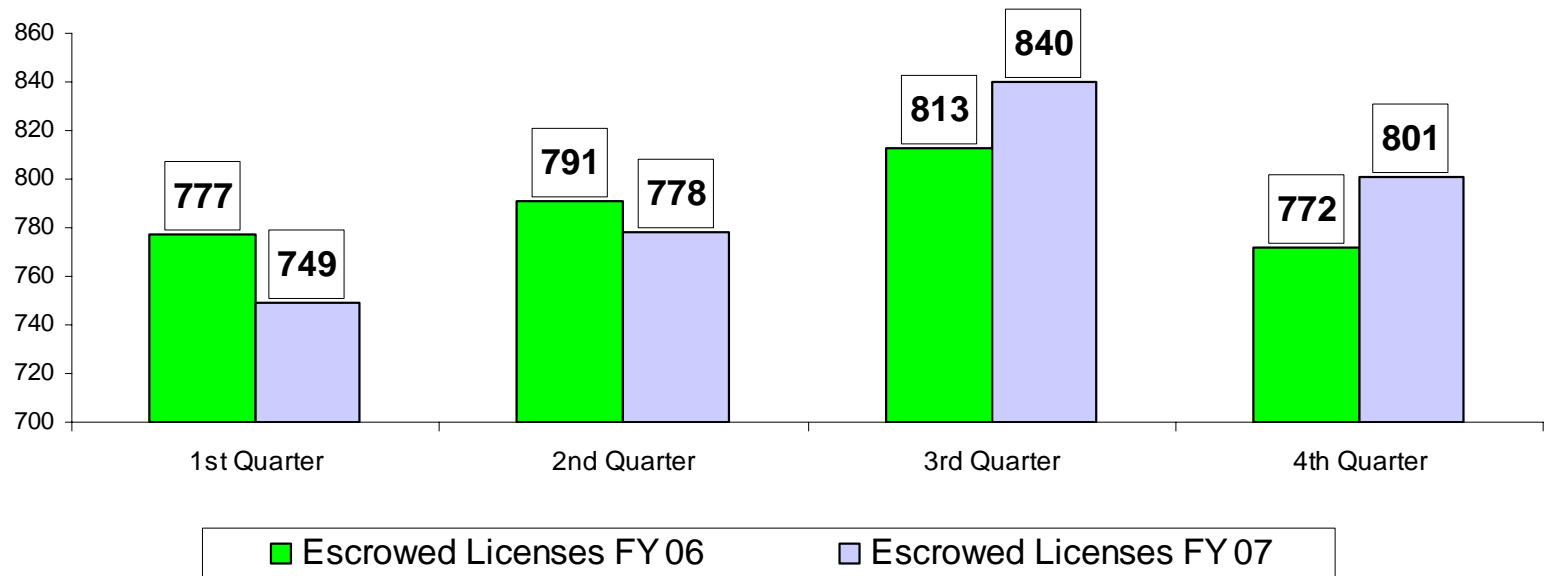


Objective: To process 95% of transactions within 5 working days after the application is administratively complete.

Outcome: 83.5% of transactions were processed within 5 working days after the application was administratively complete.

Outputs/Effectiveness

ON PREMISES LICENSES IN ESCROW

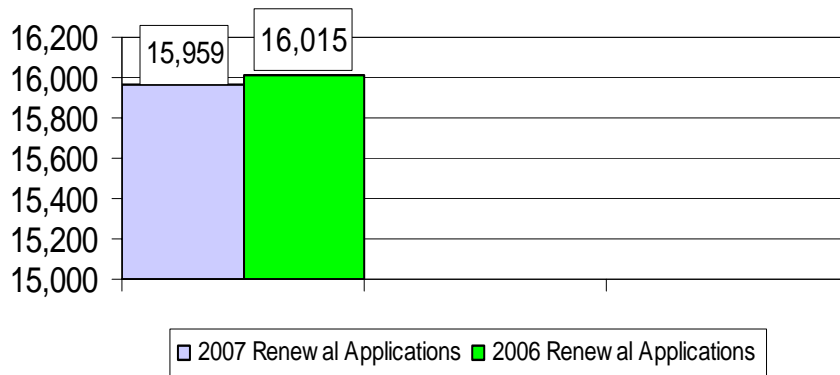


Objective: To reduce the number of on premises escrowed licenses by 5%.

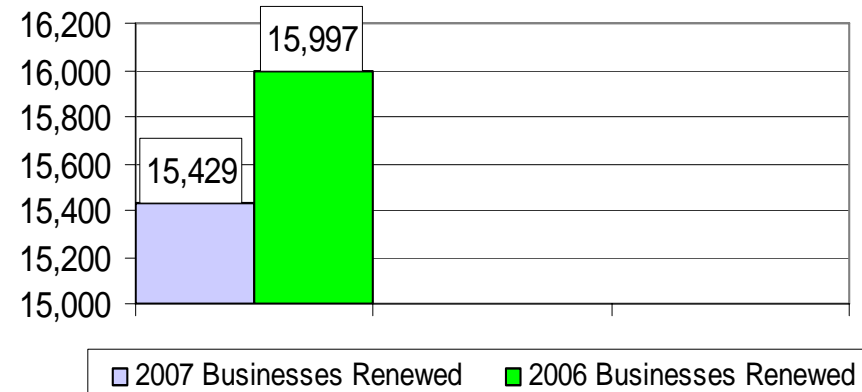
Outcome: On Premises licenses in escrow increased by 4% from FY 06. We received 9% more licenses to be held in escrow in 2007 than in 2006.

Outputs/Effectiveness

Retail Renewal Applications Received



Retail Businesses Renewed



In 2007 a total of 15,959 retail Renewal Applications were released. As of June 5, 2007 a total of 15,429 businesses were renewed.

Fiscal Year 2007 Program Performance Measures

For the Period October 2006 through September 2007

DEPARTMENT:	MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH		
APPROPRIATION UNIT:	Liquor Control Commission	Program:	Licensing

Program Improvements Made

Statement of Work for conversion services for Liquor Control Commission paper documents for on premises and off premises multiple business operators has been signed and approved. Scanning bar codes have been received and master files are being prepared with scanning bar codes for conversion services. Scans have been loaded to the Licensing and Enforcement data base for part of the Master files.

Created Redevelopment and Development District licenses information sheet for local governmental units and applicants for these new license types created by the legislation effective December 29, 2006.

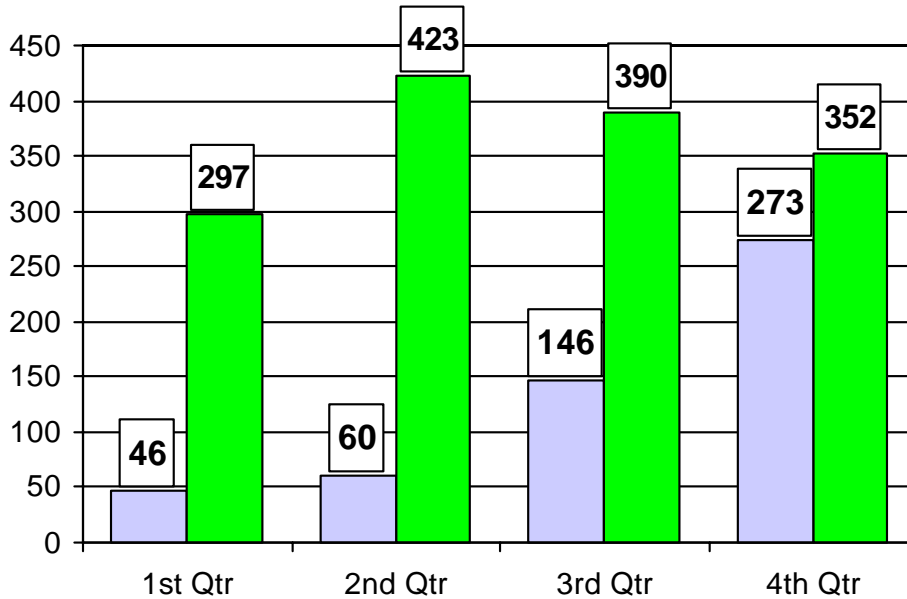
Quota Screens for Redevelopment and Development District licenses have been developed, tested, moved to production and are in use.

Special License Application Program enhancements have been completed. These changes will allow accessibility by staff to all current applications on file and will provide for efficient tracking of the 90 day requirement.

Date Summary and codes have been developed and implemented. Review of Date Summary reflects that further codes will need to be implemented for future placement on the web site. Final testing of search screens will need to be completed prior to placement on the web site.

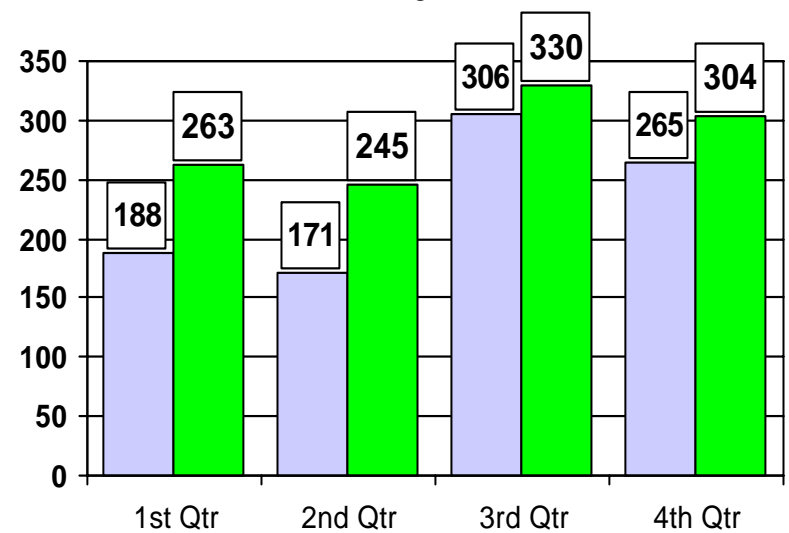
Outputs/Effectiveness

On Premises Investigations Authorized



■ On Premises Investigations Authorized within 5 Days
■ Total On Premises Investigations Authorized

Off Premises Investigations Authorized



■ Off Premises Investigations Authorized within 5 Days
■ Total Off Premises Investigations Authorized

Objective: To authorize 90% of applications for investigations within 5 working days after all necessary documents have been received.

Outcome: 87.2% of Off Premises applications were authorized for investigation within 5 working days after all necessary documents were received.
77.6% of On Premises applications were authorized for investigation within 5 working days after all necessary documents were received.

Program Description

FY 07 ANNUAL PROGRAM

PERFORMANCE MEASURES

October 1, 2006 through September 30, 2007

Department: Michigan Department of Labor & Economic Growth

Appropriation Unit: Liquor Control Commission

Program: Enforcement Division

FY 2007 Program Performance Measures

October 1, 2006 through September 30, 2007

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Program Mission:

To regulate the manufacture, importation, sale and distribution of alcoholic beverages in Michigan through selective licensure and strict enforcement of the Liquor Control Code and Administrative Rules.

Program Statement:

The Enforcement Division acts as the investigative arm of the Michigan Liquor Control Commission. Through selective licensure and strict enforcement, the Commission strives to ensure that all businesses licensed to sell alcoholic beverages in Michigan are responsible business partners. The Enforcement Division investigates applicants for new licenses, transfer ownership of existing licensed businesses, and a wide variety of other licensing investigations. The Enforcement Division is also responsible for ensuring that all licensees comply with the Liquor Control Code and Administrative Rules. Compliance is monitored through complaint investigations, nighttime enforcement operations and controlled buy activities utilizing contracted under-aged employees as decoys. Enforcement staff also provides information and assistance to state, county and local law enforcement agencies, as well as local governing bodies, industry trade associations, licensees, attorneys and the general public. Failure to provide these services would negatively impact the health, safety and welfare of citizens of Michigan.

Program Customers:

Citizens of the State of Michigan and anyone involved in the alcoholic beverage industry in Michigan, including alcoholic beverage retailers, manufacturers, suppliers, wholesalers and other non-retail licensees.

FY 2007 Program Performance Measures

October 1, 2006 through September 30, 2007

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Fund Source:

- Liquor License Revenue
- Liquor Purchase Revolving Fund

Legal Basis:

- The United States Constitution gives each State full authority for the transportation, importation, delivery and use of alcoholic liquor within its borders (The Constitution of the United States of America, Article AXE, 2).
- The Michigan Liquor Control Commission was established by the Legislature by Act 8 of 1933, Extra Session, following the repeal of Prohibition, which has been replaced by the Michigan Liquor Control Code of 1998, PA 58 of 1998.
- The Constitution of Michigan of 1963 (Article IV, 40) specifies that the Commission's role is to "...exercise complete control of the alcoholic beverage traffic within this State, including the retail sales thereof..."
- Much of the Commission's role is defined by Act 58 of 1998, known as the Michigan Liquor Control Code. The Michigan Liquor Control Code is found in Section 436 of the Michigan Compiled Laws. In addition, the commission has promulgated Administrative rules found in the Michigan Administrative Code.

Program Goals:

- The goals of the Enforcement Division are:
- Thoroughly investigate applicants for licensure in a timely manner to ensure all individuals and entities are in fact the true beneficiaries of the license; that no hidden ownerships exist who otherwise would not qualify for licensure; that all finances used to finance the licensed business are from legitimate and verifiable sources; that the licensed individuals and entities are of high moral character increasing the probability that as licensees they will be responsible business partners respecting and abiding by the Liquor Control Code and Administrative Rules; and that the licensed establishments and proposed licensed establishments comply with the Liquor Control Code and Administrative Rules.
- Conduct enforcement and violation investigations to ensure compliance by liquor licensees with the Liquor Control Code and Administrative Rules, protecting the health, safety and welfare of the general public.
- Specifically monitor licensee compliance with the Liquor Control Code requirement to sell alcoholic liquor products only to persons 21 years of age or older through controlled-buy operations using under-age contract employees to check retail licensees.
- Ensure that Liquor Control Regulation Agents and law enforcement agencies are properly trained on the Liquor Control Code and Administrative Rules.

FY 2007 Program Performance Measures

October 1, 2006 through September 30, 2007

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Program Objectives:

- The objectives of the Enforcement Division are:
- To produce complete, accurate and timely investigative reports for all new license applications, transfer ownership and/or location of existing licensees, new or amended permits for existing licensing, changes in licensed premises and all other matters involving licensed establishments requiring investigations by the Enforcement Division.
- To thoroughly investigate complaint allegations against existing licensees for violations of the Liquor Control Code and/or Administrative Rules and to accurately report findings and violation reports when appropriate.
- To testify in Administrative Hearing proceedings and in Court Hearings involving violations of the Liquor Control Code and Administrative Rules.
- To regularly conduct controlled-buy operations statewide with under-aged decoys to regulate the sale and consumption of alcoholic liquor by minors, thereby reducing the availability of alcohol to minors.
- To thoroughly train and educate local, county and state law enforcement agencies on the provisions of the Liquor Control Code, Administrative Rules and violation report writing.
- To assist other law enforcement agencies in joint operations involving liquor law violations.
- To educate liquor licensees on the Liquor Control Code, Administrative Rules, and Commission policies.

Program Effectiveness:

- The Division has continued to improve accuracy and timeliness of licensing investigative reports through District Meeting training, rewriting of the procedures manual, standardization of report writing and streamlining of investigation procedures and reports.
- Overall complaint investigations completed increased by 16% in 2007, even with an 8% reduction in investigator staffing level.
- The controlled-buy operations suffered a 17% reduction in contacts due to staff reduction and year-end budget constraints as a result of the state's financial crisis.
- Licensing investigations completed saw a slight 3% reduction in the 2007 fiscal year largely due to an 8% reduction in field staff and restricted travel due to state's budget situation.
- The Enforcement Division increased its training efforts with local law enforcement agencies and industry trade groups to educate all parties on the Liquor Control Code, Administrative Rules and Commission policies.
- The Division participated division increased the number of training activities with law enforcement agencies in 2007 and is working towards an updated PowerPoint law with various licensee trade associations to train industry members on the Liquor Control Code, Administrative Rules and Commission policies.

FY 2007 Program Performance Measures

October 1, 2006 through September 30, 2007

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Program Improvement Plans:

- Continue to work towards an interactive template for investigator's report to standardize all reports improving both the efficiency and effectiveness of report submission and report review.
- Continue evaluation of investigation procedures to find areas to streamline investigations.
- Complete the development of a PowerPoint program to be used for training law enforcement agencies on liquor law.
- Continue to work with local law enforcement agencies, the Michigan State Police, industry trade associations and the alcoholic beverage industry to curtail illegal alcoholic beverage smuggling activities.
- Develop an on-line trade practice guide for retailers, wholesalers and suppliers.

Program Improvements Made:

- Provided training to Enforcement Division staff with professional training on communications, de-escalation techniques, and avoiding confrontation.
- Initiated work on Enforcement Division safety manual to better protect the health, safety and welfare of field staff.
- Increased training activities for local, county and state law enforcement agencies.
- Participated in industry trade shows to educate licensees on liquor laws.
- Increased the number of complaints investigated in 2007 by 16% over the number of complaints investigated in the 2006 fiscal year.
- Increased the number of violation reports submitted in 2007 by 8% over the number of violations submitted in the 2006 fiscal year.
- Updated and reprinted the Law Enforcement Reference Guide used by statewide law enforcement agencies to educate and assist in enforcing liquor laws.
- Initiated rewriting and updating the investigator's manual used by regulation agents.

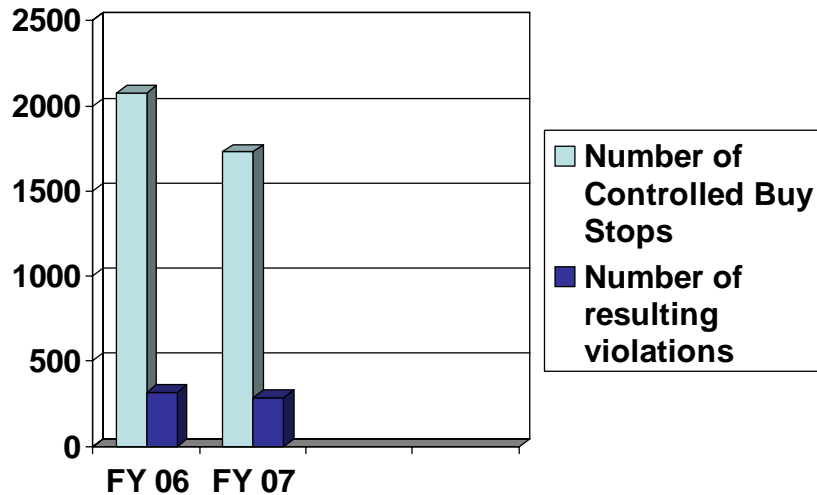
FY 2007 Program Performance Measures

October 1, 2006 through September 30, 2007

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Controlled Buy Activity



	FY '06	FY '07
Number of Controlled Buy Stops	2076	1729
Number of Resulting Violations	314	282
% of Violations	15%	16%

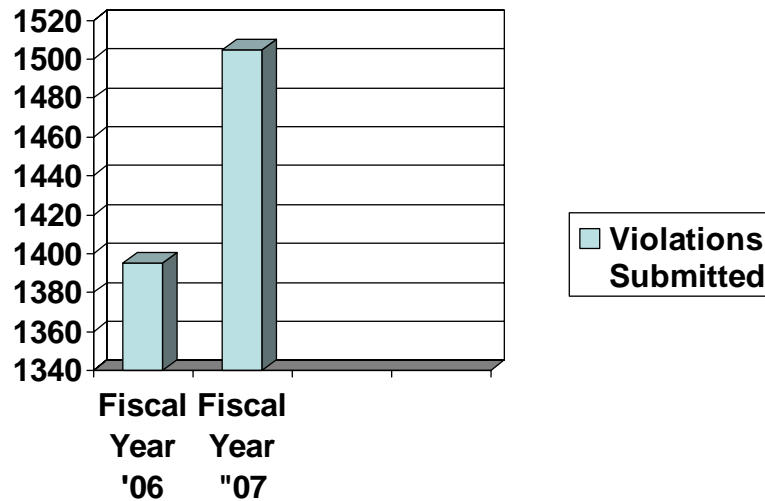
FY 2007 Program Performance Measures

October 1, 2006 through September 30, 2007

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Violations Submitted Activity



	Fiscal Year '06	Fiscal Year '07
Violations Submitted	1395	1505

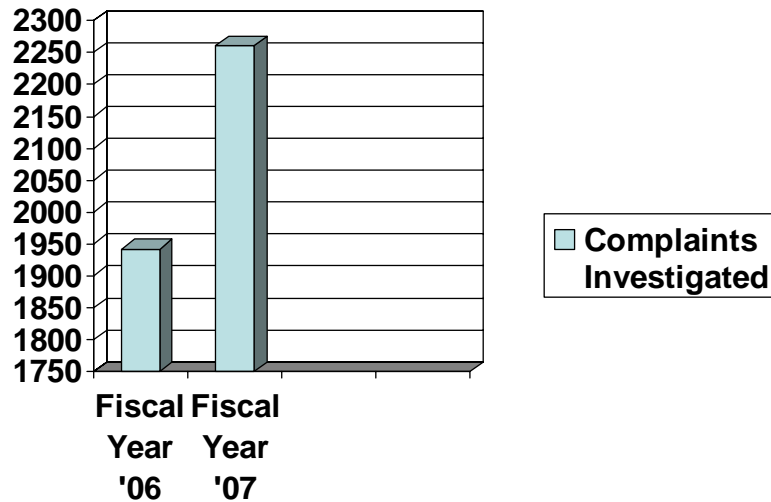
FY 2007 Program Performance Measures

October 1, 2006 through September 30, 2007

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Complaint Investigation Activity



	Fiscal Year '06	Fiscal Year '07
Complaints Investigated	1942	2261

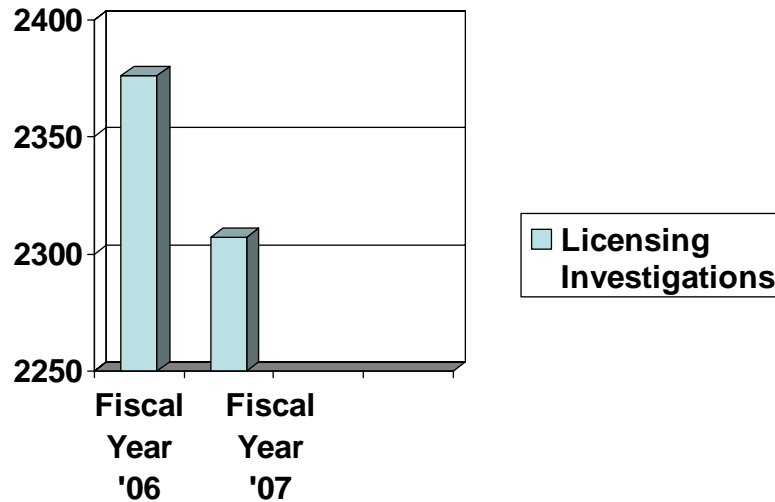
FY 2007 Program Performance Measures

October 1, 2006 through September 30, 2007

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Enforcement Division

Licensing Investigation Activity



	Fiscal Year '06	Fiscal Year '07
Licensing Investigations	2376	2307

DLEG – Liquor Control Commission

Fiscal year 2007 Program Performance Measures

For the Period October 2006 through September 2007

Financial Management Division

FY 2007 Program Performance Measures
DEPARTMENT: LABOR AND ECONOMIC GROWTH
APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Financial Management

Timeline: October 1, 2006 through September 30, 2007

Program Mission:

The mission of the Financial Management Division is to collect over \$1 billion annually in liquor sales dollars, taxes, fees and other monies for the State of Michigan; to properly account for and provide reports on these monies; to transfer these monies to the appropriate agencies; and to manage the Liquor Purchase Revolving Fund for the State of Michigan.

Program Statement:

The Financial Management Division provides support for the Commission in all areas of financial management and accounting. On behalf of the Commission, Authorized Distribution Agents (ADAs) take licensee liquor orders, assemble the orders, invoice and collect for the orders, deliver the merchandise, and provide order, sales, adjustment and inventory information to the division. The division is responsible for overseeing ADA operations, and processing, balancing and reconciling the raw liquor sales and adjustment data submitted by the ADAs. The division manages the State's investment in the liquor inventory asset through proactive procedures designed to analyze inventory balances, perform physical spot checks of suspicious product inventories and delist inactive product codes. The division also receives and processes all price and product quotations for liquor sold in Michigan. The division manages the Liquor Purchase Revolving Fund through collection, accounting, and payments of all Liquor related revenue and expenses from the Fund, and transfers of profit to the General Fund. Other functions include revenue collection verification, budgeting, legislative and policy financial analysis, general analysis, expenditure payment analysis and financial statement production.

Program Customers

There are many different customer groups of the Financial Management Division that could be identified. The main customer groups measured in terms of volume of staff time are retail liquor licensees and other Commission staff. Retail liquor licensees receive services related to the wholesale liquor operation, including oversight of the merchandising effort and a toll free customer Help Line. Other Commission staff are served through provision of analysis, information and administrative services.

FY 2007 Program Performance Measures

DEPARTMENT OF LABOR AND ECONOMIC GROWTH

Appropriation Unit: Liquor Control Commission Program: Financial Management

Fund Source:

Liquor Purchase Revolving Fund

Legal Basis:

The Michigan Liquor Control Commission was established by the Legislature in 1933, in Extra Session, following the repeal of Prohibition, which has been replaced by the Michigan Liquor Control Code of 1998, PA 58 of 1998.

The United States Constitution gives each State full authority over the importation and use of alcoholic liquor within its borders (U.S. Constitution, Art. 21, Sec 2).

The 1963 Michigan Constitution (Art. 4, Sec 40) states that the Commission's role is to "...exercise complete control of alcoholic beverage traffic within this State, including the retail sale thereof...". Much of the Commission's role is defined by statute and is referred to as the Liquor Control Code. The Liquor Control Code is found in Section 436 of the Michigan Compiled Laws. In addition, the Commission has promulgated Administrative rules, which may be found in the Michigan Administrative Code.

Program Goals:

The goals of the Financial Management Division are as follows:

- To fulfill its legislative mandate of overseeing the operation of the Liquor Purchase Revolving Fund for the State of Michigan.
- To produce monthly and annual financial statements in a timely manner.
- To transfer all monies and profits generated by the Liquor Control Commission to the General Fund or other accounts as mandated each year in an accurate and timely manner.
- To oversee the accuracy and completeness of the accounting information provided by the Commission's Authorized Distribution Agents (ADAs) through a system of electronic record checking.
- To process, balance and reconcile all accounting data for liquor sales, adjustments, and purchases received from ADAs.
- To oversee the adherence by ADAs to business operating procedures established by the Commission, and to report possible violations of these to the Enforcement Division for investigation.

FY 2007 Program Performance Measures

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Financial Management

Program Goals (continued)

- To process and manage all product quotations and pricing for liquor made available for sale in Michigan by the MLCC.
- To measure customer satisfaction, assess the effectiveness of the Commission's wholesaling operation, and provide a vehicle for resolving problems through provision of a toll free telephone Help Line.
- To verify that all beer, wine and mixed spirit drink taxes are reported and paid to the State of Michigan.
- To provide services and assistance to the Commission, Licensing, and Enforcement staff in a timely and professional manner.

Program Objectives:

The objectives of the Financial Management Division are:

- To perform accuracy checks and balancing and reconciliation procedures on 100% of ADA source accounting information.
- To make preliminary liquor sales entries into MAIN before the close of the applicable accounting month.
- To document and provide a resolution or a plan for 100% of the problems reported on the Customer Satisfaction Help Line within 24 hours.
- To verify that all beer, wine and mixed spirit drink taxes are paid through a system of comparison between supplier tax reports and wholesaler invoices, and audits of beer and wine licensees.

Program Effectiveness - FY 2007 Program Outputs/Outcomes

- The Division checks 100% of the prices charged by ADAs, and 100% of the license numbers on sales invoices.
- Licensees are refunded overpayments and charged for underpayments. All shortages of State money and deposit errors are charged back to ADAs. License numbers are 100% corrected to ensure accurate distribution of convention facility taxes.
- The Division provides a plan for resolution to customer problems within 24 hours as part of the efforts to provide customer satisfaction. The Division produces financial statements of the LPRF activity as quickly as possible after the end of the month and having all information needed available.

FY 2007 Program Performance Measures

DEPARTMENT: LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Liquor Control Commission PROGRAM: Financial Management

Program Improvement Plans

- Develop and implement upgrades to the liquor quotation system, E-Quote, to make it more efficient and user friendly.
- Develop a system to automatically send electronic weekly liquor purchase orders directly to the liquor suppliers.
- Create and maintain a compilation of all Business Operating Procedures which can be accessed in a quick and easy manner for the benefit of the Authorized Distribution Agents.
- Expand use of the Internet Ordering program through marketing and outreach efforts.
- Expand use of payment for liquor by the Electronic Fund Transfer payment program through marketing and outreach efforts.

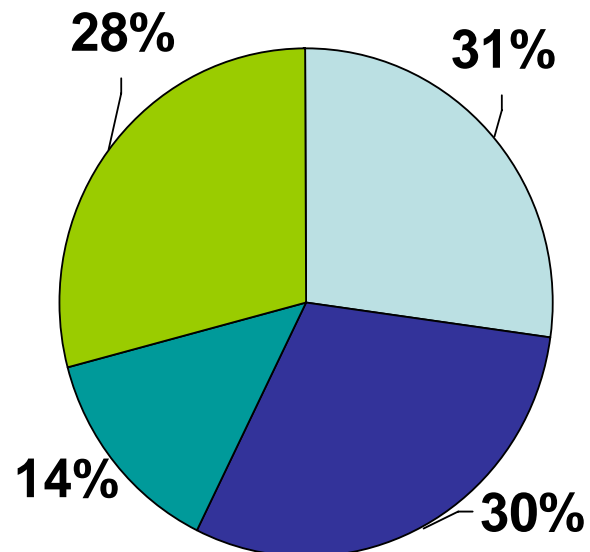
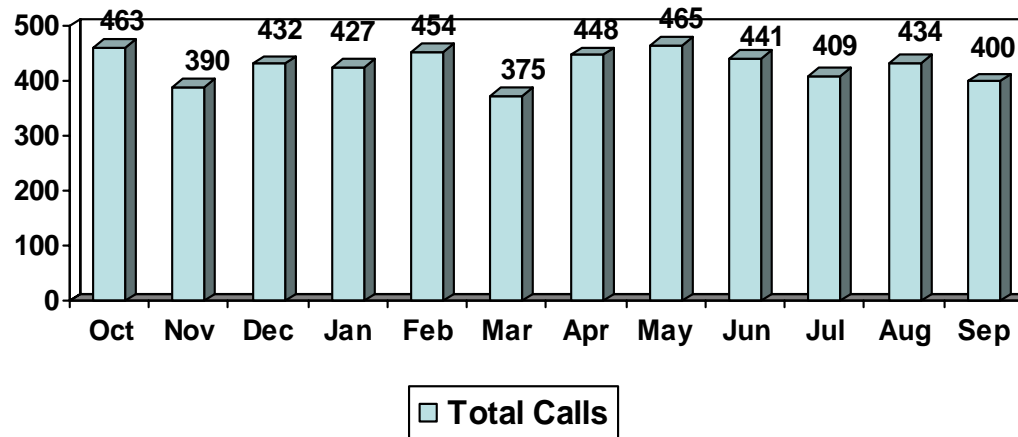
Program Improvements Made

- Reduced size of price book by analyzing all alternatives and making recommendation to Commission to set a higher per item sales standard to keep items listed.
- Expanded use of the number of licensees using Internet Ordering program.
- Expanded use of payment for liquor by the Electronic Fund Transfer payment program.
- Created and implemented a plan to make hard-to-get Christmas Value Added products more widely available.
- Worked with DIT to get annual purchases by licensees on Internet to reduce volume of calls answered by staff.
- Created and implemented a policy of late fees for beer, wine and mixed spirit drink. Project was completed with the Hearings and Appeals Division Director.

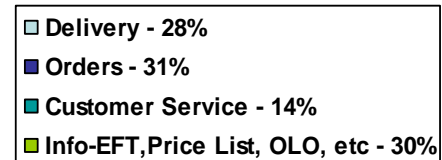
CUSTOMER SATISFACTION

Oct 06 – Sep 07

ADA Helpline Calls

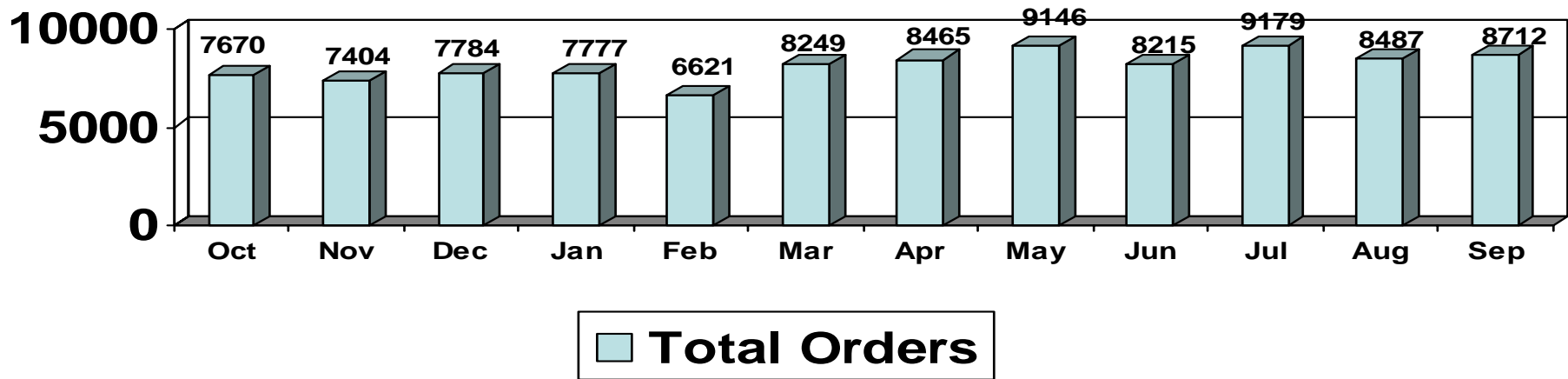


Types of Calls



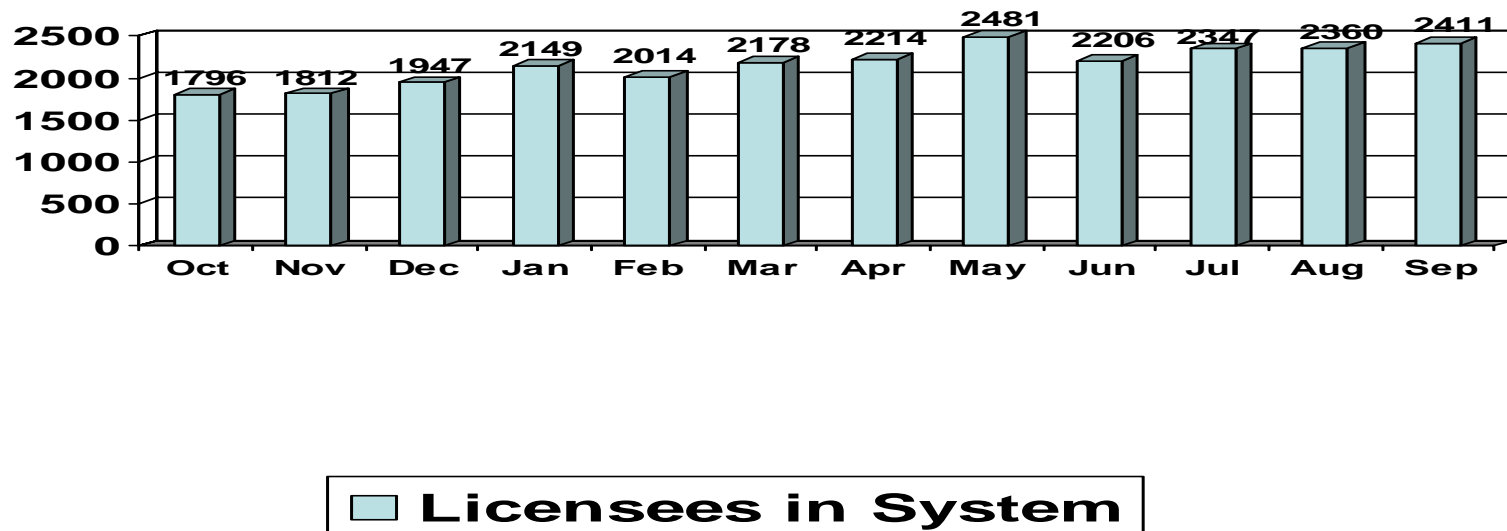
Online Liquor Orders

(Oct 2006 – Sept 2007)

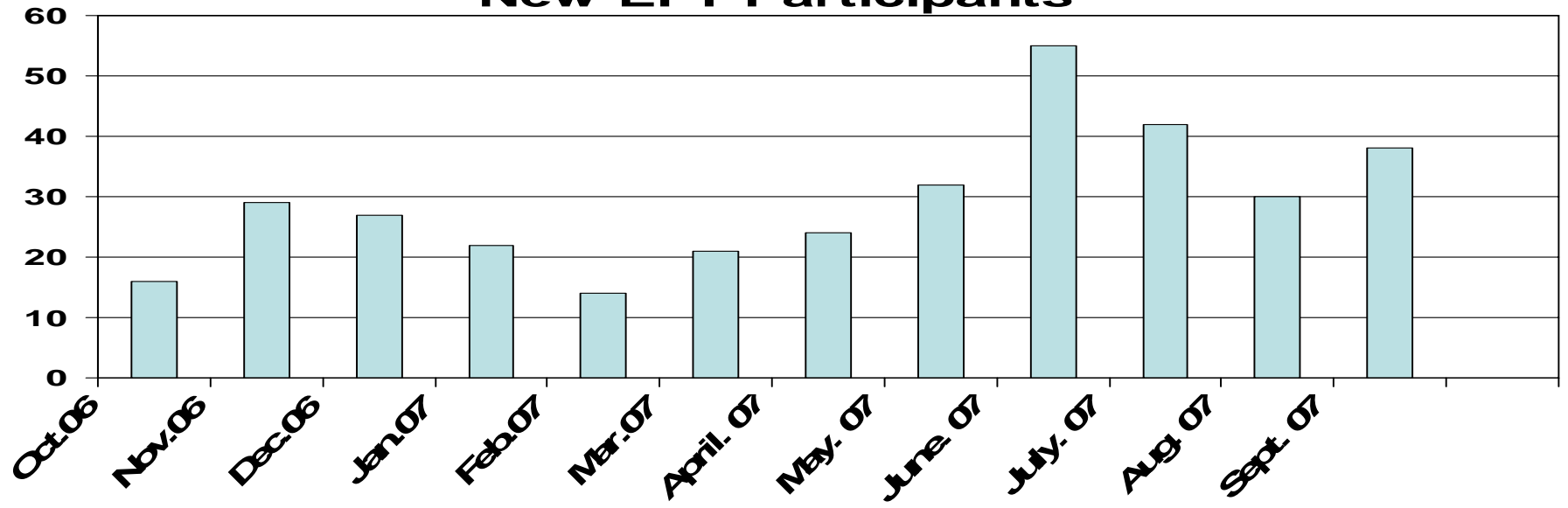


Licensees Placing Web Orders

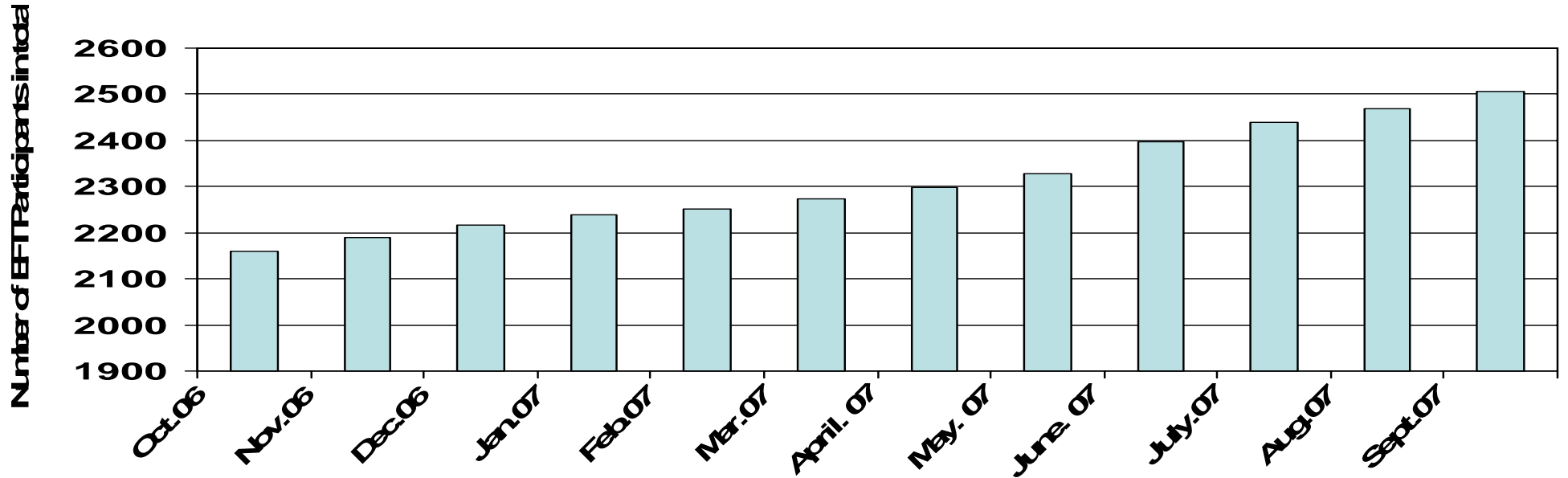
(Oct 06-Sep 07)



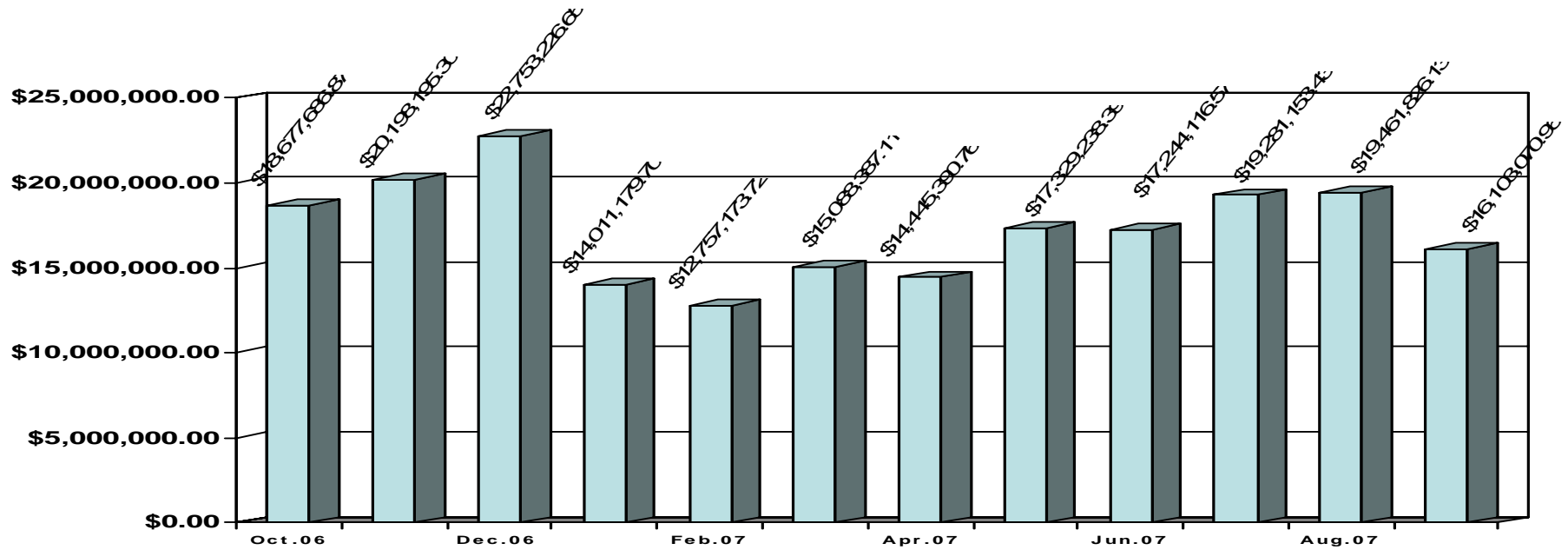
New EFT Participants



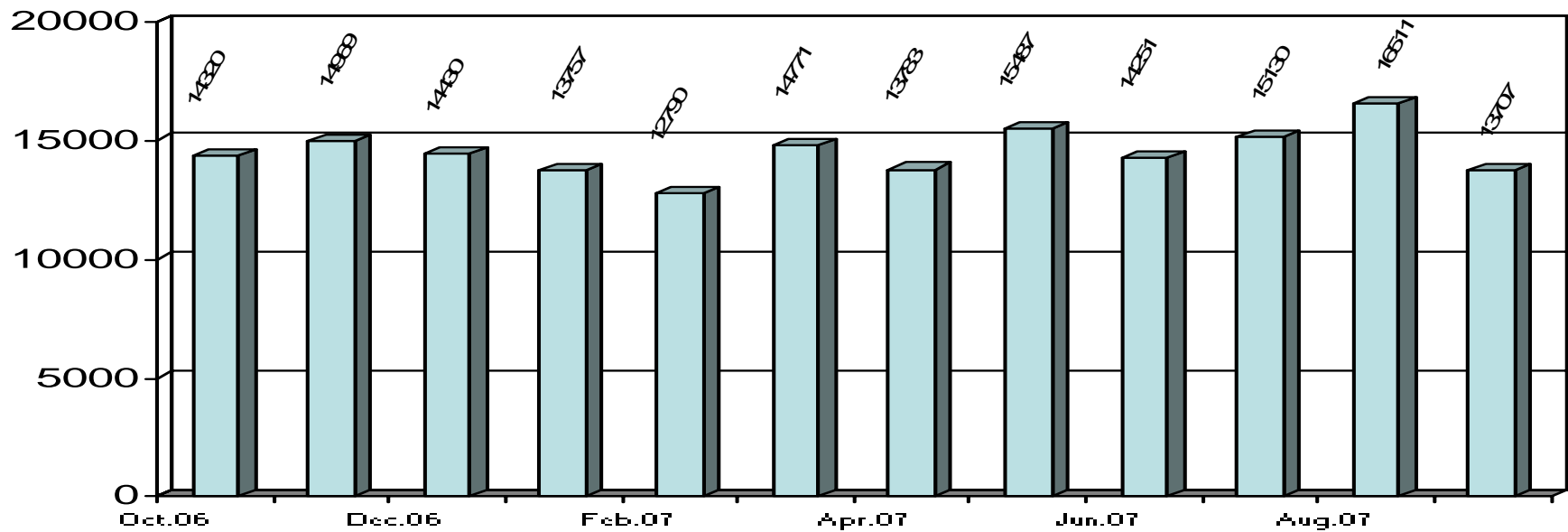
Total EFT Participants



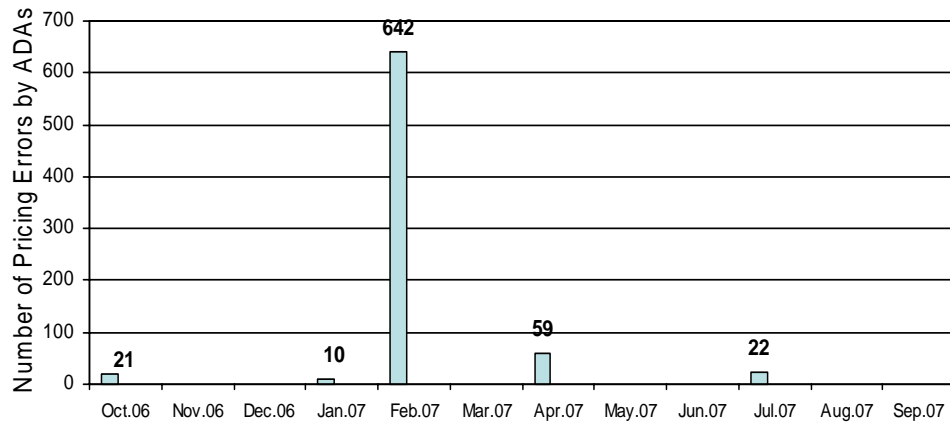
EFT DOLLARS TRANSFERRED OCT. 06-SEPT.07



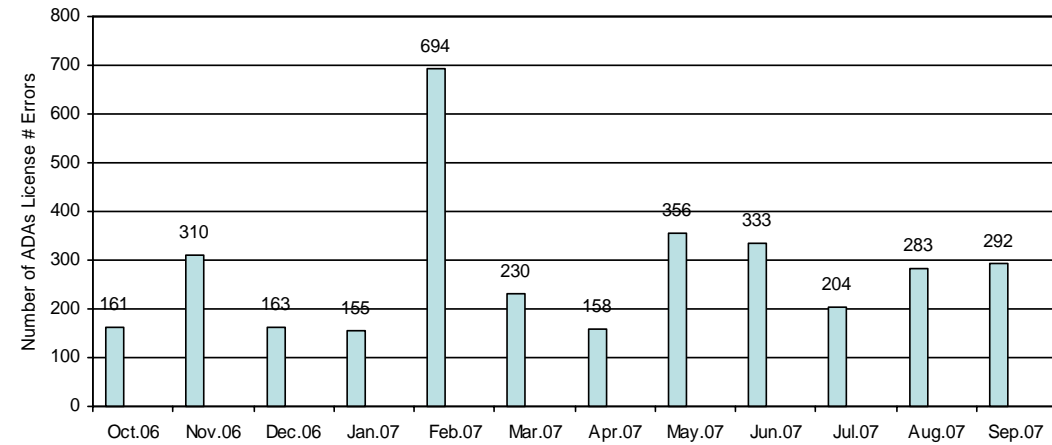
EFT TRANSACTIONS OCT.06-SEPT.07



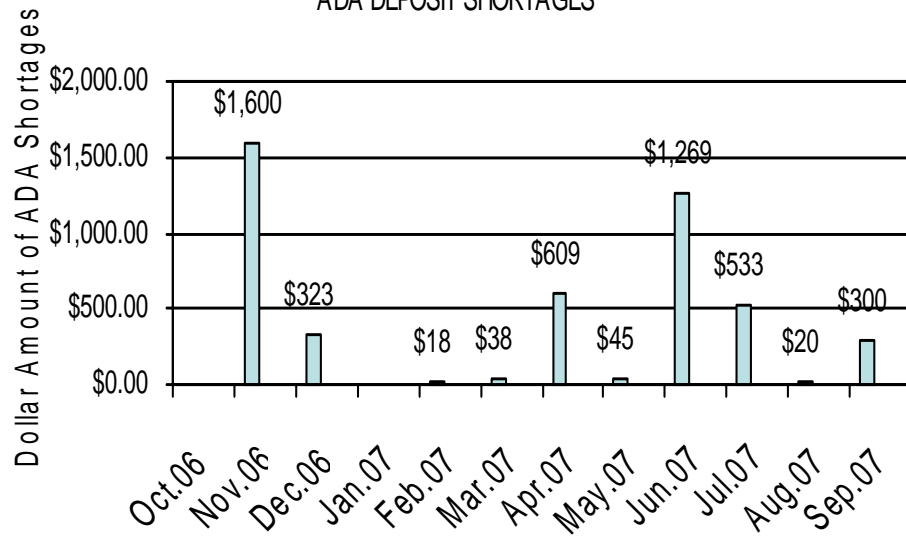
ADA PRICING ERRORS



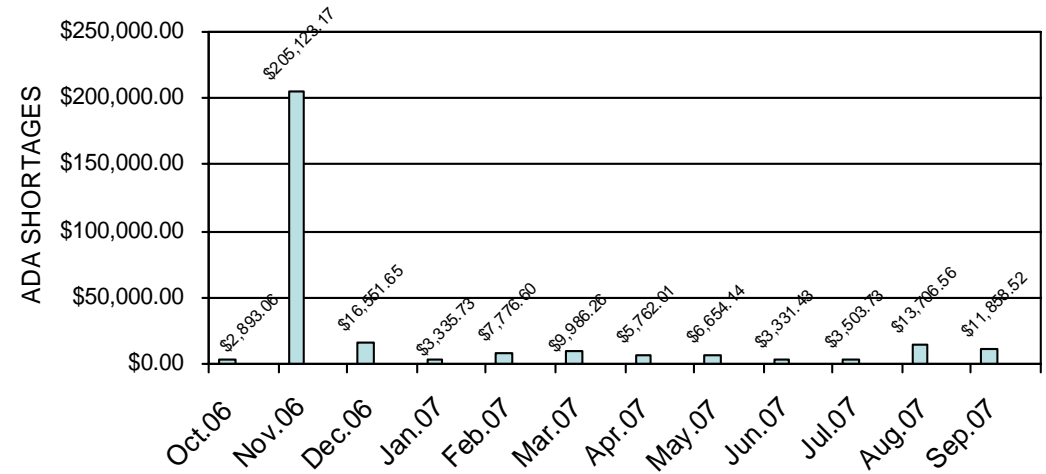
ADAs LICENSE # ERRORS

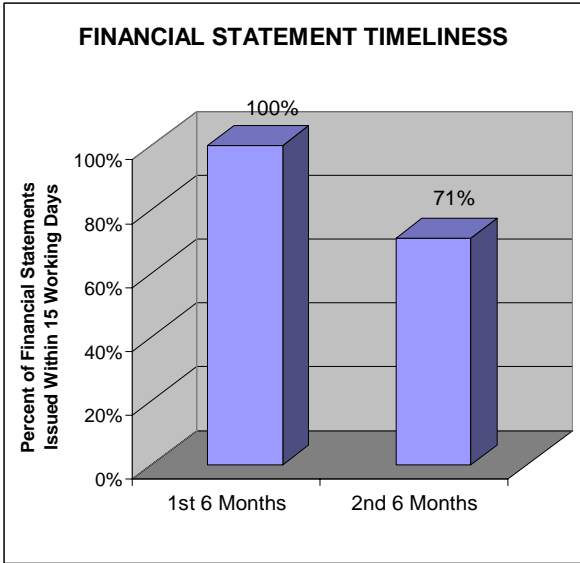


ADA DEPOSIT SHORTAGES



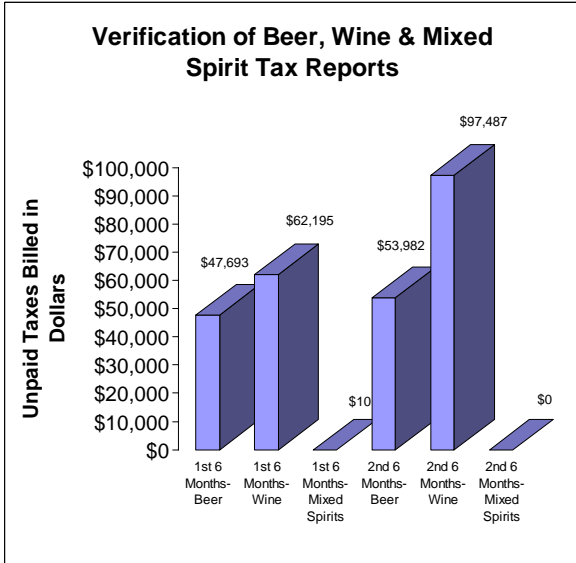
ADA SHORTAGES





Objective: Financial Statement Timeliness - To produce monthly financial statements within 15 work days of having all necessary data.

Outcome: 5 of 7 financial statements issued in the second six months of FY2007 were produced within 15 work days.



Objective: To verify all Beer, Wine and Mixed Spirit Drink Reports, and notify licensees of unpaid taxes due. To collect these taxes.

Outcome: Various beer, wine and mixed spirit drink licensees have been billed the total amounts of taxes shown above, which otherwise would not have been collected for the State of Michigan. The total amount for FY2007 is \$261,367.